Goal # 1

Credibility and Efficiency of Acquisition and Logistics Process

Objective: Reduce Cycle Time - Develop changes in all processes to support implementation of the new DoD 5000.2R evolutionary acquisition and reduce cycle time.

Program Stability

1. Re-establish Technical Risk Reserves (ARA):

Maximize program stability and reduce funding risk through the re-establishment and protection of technical risk reserves, into budget execution. The reserve would cover the difference between the Service Estimate and the Cost Analysis Improvement Group estimate. Guidance being drafted for service implementation. **Projected completion date for guidance is June 2002.**

Revised 2. Establish Milestone -to-Milestone Budgeting/Milestone Authorization (AI/ARA):
Multi-year contracts provide stability and achieve cost savings. for production programs. Establish a milestone to milestone rogram to provide stability for programs earlier in the acquisition cycle. Program and budget for high priority systems at the cost level determined at the DAB for selected ACAT 1D systems and protect those budgets from internal perturbations, provided the program is meeting cost, schedule and performance objectives during the system development and demonstration phase. Seek Congressional approval for milestone-to-milestone budgets.

Projected completion date to establish budget targets is September 2002.

Financial Reform

✓ 3. Realistic Pricing of Programs (AI):

Fund programs realistically. To remove cost pressures that result in under-funding of programs, the CAIG estimate will be used for ACAT 1D programs.

4. Raise Reprogramming Thresholds (ARA/AI – Identified as a BIC Action):

Improve management flexibility and decrease the time it takes to get money into accounts where it can be used quickly by doubling current reprogramming thresholds (to keep up with inflation) from the current statutory limit of less than \$4M RDT&E and less than \$10M procurement and O&M. Will be worked with Congressional staffs (same thresholds since 1982) – not a legislative issue.

Will be worked with Congressional staffs (same thresholds since 1982) - not a legislative issue.

5. Initiate inter-Appropriation Transfers (ARA/AI-identified as a BIC action):

Increase management flexibility and improve stability by seeking statutory relief that will permit transfer of procurement funds to RDT&E within the same acquisition program to assist in the development to production transition.

This Business Initiative Council initiative is being worked through a Legislative Proposal.

6. Achieve MDAP/PPBS Decision Integration (ARA):

Use the IPT process, with AT&L and Comptroller lead, to propose ways to make the acquisition management and PPBS work together better. (Schedule TBD)



E-Business

7. Form AT&L Electronic Business Rapid Improvement Team (AI/CMC & all other AT&L offices):

Rapid and effective integration of EB will enable efficiency and mission effectiveness, exploit revolutions in military and business affairs, and provide information for decision superiority required to ensure success in conflict. The EB Steering Group will develop a unifying AT&L EB vision and roadmap for implementation. A list of barriers, recommendations and on-going initiatives will be compiled as a foundation for the visioning process. High payoff EB opportunities with a special emphasis on customer needs will be identified. In conjunction with the action plan and roadmap, the campaign will recommend and AT&L governance process and develop a communication and marketing plan.

Phase One ended in November 2001; projected completion date for Phase Two is May 2002.

8. Implement the DoD Cross-Functional Procurement Process Model (DP/DCMA):

Continuous implementation through FY 05

9. Develop Past Performance Automated Information System (PPAIS) (AI/ARA/DP):

Collection and use of past performance data was mandated in 1993 statute requiring the collection and use of past performance information in competitive source selections. PPAIS, a central retrieval capability for DOD, was developed at the direction of USD (AT&L) in 1996 and established as an operational capability in July 2000. It serves as the center of DOD's paperless report card system for large dollar contracts. The report card system is being expanded to include other Federal report cards. In addition, development of a passive system, to support small dollar acquisitions is in process.

Projected completion date for transition plan is March 2003.

10. Review Government-wide acquisition contracts (GWACs) and multiple agency contracts (MACs) (DP):

Projected completion date for an operational site is Dec 2002.

11. Initiate DLA's Business Systems Modernization (L&MR):

The Business Systems Modernization (BSM) Program is the Defense Logistics Agency (DLA) initiative for replacing its mission critical legacy systems with Commercial-Off-The-Shelf (COTS) systems. Expected results include improved logistics responsiveness through collaborating with customers and suppliers to fully integrate information. The BSM goal is to focus on DLA's core business, supply chain management, by integrating robust COTS packages, such as Enterprise Resource Planning (ERP) and Advanced Planning and Scheduling (APS) software. Integration will reduce operating costs, and will embrace both continuous process and technology advancements through COTS software upgrades. BSM's operational objectives are key enablers for achieving the goals of the DLA Strategic Plan, The DoD Logistics Strategic Plan, as well as the Joint Vision 2020.

Complete roll out of replacement for SAMMS/DISMS projected for FY05.

12. Accelerating Payments Using E-Commerce (DP):

DFAS and the military departments, led by USD Comptroller and USD (AT&L), will develop integrated business rules for payment and contract management to support accelerated payments.

Projected completion date for business rules is October 2002.

13. Restructure Standard Procurement System (DP):

The SPS Program Manager is currently developing acquisition documentation that reflects ongoing changes to the program baseline. A revised ADM was issued by ASD(C3I) on January 15, 2002. An IIPT is scheduled for February 1, 2002 to address restructure plan including schedule. (Schedule TBD)



14. Establish Integrated Digital Environment (ARA/AI):

On July 2, 1997 the Deputy Secretary of Defense has established goals for transitioning to digital operations in all acquisition program and support offices. The focus these goals is to achieve an acquisition process that would coincide with the Department's goal of digital operations for acquisition management and life-cycle integrated information, that is, an integrated digital environment (IDE). The OSD approach to the IDE Program is primarily centered around three thrusts: - Leveraging ongoing projects within the DoD acquisition community that are taking advantage of new and existing technologies to create environment that allows programs to create, store, access, process and exchange data digitally and cost effectively. - Engage with top level DoD leadership and defense industry leaders to gain corporate support for IDE while expanding our engagement with mid level management both within the defense industry and the Department of Defense. - Creating model contract language and trading agreements for integrated digital environment for use by the Department and private industry.

Projected 25% reduction of government/contractor data management systems by December 2003.

15. Create a Knowledge Management (KM) System (AI):

Provide acquisition professionals with knowledge sharing opportunities, problem solving capabilities, and a source for continuous learning so that they are better able to create, access, and apply acquisition knowledge to attain higher performance, lower costs, and more rapid deployment of our weapon and support systems. There are four key elements – Promoting KM in Communities of Practice (CoPs), developing common tools for CoPs through a KM Center of Excellence, improving the DoD Acquisition Deskbook, and building a DoD AT&L portal to link all resources together.

Projected date to integrate elements into a KM system April 2003.

Integration of Logistics and Acquisition Policies

16. Give PM Life Cycle Responsibility (Performance Based Logistics) (L&MR/AI/IO):

Give the Program Manager (PM) life cycle responsibility, including (1) responsibility for life cycle cost and control of portions of O&M; (2) performance agreements between combatant commands and the PM; and (3) integrated logistics to meet mission availability via government/industry partnerships. Weapon system sustainment should be managed by the PM across the life cycle to meet warfighter performance requirements. This strategy features performance agreements with warfighters, contracts with organic providers, partnering to meet mission availability, and financial enablers to link PM responsibility and accountability.

17. Continue Reduction of Total Ownership Cost (RTOC) (S&TS/AI):

Invest in total ownership cost reduction initiatives to reduce weapon system acquisition and operation and support costs, while improving performance. This initiative includes technology refreshment, contracting for total system support, outsourcing, streamlining of logistic processes, and doing research in cost savings technologies.

Projected completion date of best practices guide is October 2002.

Test and Evaluation

18. Ensure Evolutionary T&E (AI/OT&E):

Align T&E policy with evolutionary acquisition to ensure testing is consistent with the chosen acquisition approach.

Projected adoption of DoD 5000 changes is December 2002.



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19. Review Encroachment Issues (I&E):

Encroachment issues are increasingly affecting the Department's training and test mission. Establish a Range Management Activity to enable DoD to more comprehensively manage, support, and sustain range programs. Secured needed decisions from Senior Readiness Oversight Council (SROC) in March 2002.

Program Management

20. Streamline non-essential oversight/documentation for Weapons Systems (AI/ARA):

Continue our review of the acquisition process and supporting information requirements to ensure nonessential activity and documentation is eliminated. Review service policy with the same objective.

Projected DoD 5000 changes implemented by June 2002.

21. Streamline CCA Implementation (AI/ARA/DoD CIO):

The Service Acquisition Executives identified the need to streamline Clinger-Cohen Act implementation in the 5000 series regulation.

Projected DoD 5000 changes published in June 2002.

22. Streamline the Acquisition Process for IT Systems (ARA/AI/DoD CIO):

Two RITs, the Global Information Grid (GIG) and Information Technology (IT), have examined ways to adjust the acquisition process to align it better with the technology life-cycle of less than 18 months and to identify interoperability requirements.

Projected date for adoption of DoD 5000 changes is September 2002.

Systems Engineering

23. Revise NATO Allied Quality Assurance Publications (AQAPs) and Allied Reliability and Maintainability Publications (ARMPs) to ensure migration toward the use of best commercial practices and standards (IO/SE):

Assist NATO's efforts to adopt best commercial process, practices, standards etc. by migrating NATO unique quality assurance (QA) and reliability & maintainability (R&M) from publications based on US military standards to publications based on international, commercial standards. Review NATO QA and R&M policy with same objective.

Projected completion date of guidance is October 2003.

24. Assist International Standards Organization (ISO) in developing 15288 an international systems engineering standard (IO):

Participate in US and international meetings to develop an international, commercial standard and guide on systems engineering that will allow DoD program managers and our Defense contractors to further adopt best commercial practices.

Projected publication date is March 2003.

25. Develop the Capability Maturity Model Integration (CMMI) (IO/AI/ARA):

The CMMI effort is working towards integrating Systems Engineering, Software, and Integrated Product and Process Development (IPPD) Capability Maturity Models (CMMs). Many of these processes are similar and individual application model would result in many redundancies. Government and Industry can use CMMI for self-assessments to assist in improving their systems and software engineering and IPPD processes. The DoD needs to conduct a comprehensive review of its acquisition policy to review it as it relates to CMMI.

Projected completion date for acquisition process addition is TBD.



Goal # 1

<u>26. Transition from Military Configuration and Data Management Standards and Directives to Industry Standards (IO/SE):</u>

Continue to work with industry on migrating military unique CM/DM processes, practices and standards towards the use of commercial ones. Effort entails revising several existing standards and developing new ones as required.

Projected completion date for system engineering registry for information exchange is August 2003.

Interoperability

27. Joint Technical Architecture (JTA) and Pilot Activity by Joint Aeronautical Commander's Group (JACG) (IO/AI/ARA/DoD CIO):

JTA v. 4.0 is at the cusp of being ready for release. Remaining issues on inclusion/exclusion of specific elements must be resolved to include the wording on a proposed pilot by the JACG to promote an alternative JTA management process and thus potentially identify significant future JTA improvements benefiting the acquisition workforce.

Objective: <u>Improve logistics responsiveness and supply chain integration</u> - Develop new processes and guidance to make DoD's logistics system more effective and efficient.

Logistics Responsiveness

28. Establish Enterprise Integration (EI) (L&MR):

Current Component Enterprise Integration (EI) efforts have excessively long implementation cycles; are not architecturally based; and are limited in capitalized EI technologies and commercial business practices. Establish an EI consortium made up of the logistics modernization stakeholders from the Department. The consortium shall focus on producing successes and common community wide solutions that support the logistics enterprise.

Implementation of policy compliance is on-going.

29. Develop Customer Wait Time Performance Measure (L&MR):

There is no comprehensive measure of how long a customer has to wait from the time he/she orders a part until it is delivered to him/her. Without measures the Warfighter "feels" that items frequently take too long to arrive. Thus the Warfighter has no confidence in the logistics system (Schedule TBD)

Supply Chain Integration

30. DoD Material Management Regulation (L&MR/AI):

The DoD Materiel Management Regulation has not kept pace with recent updates/changes to the DoD 5000 series that align Defense practices with commercial practices. Write comprehensive replacement for the current regulation that looks at the whole logistics system—linking materiel management policies, with acquisition strategies at the front end of the supply chain, through distribution and transportation, to disposal and reutilization policies at the back end.

Projected completion date of regulation is December 2002.

Objective: <u>Reform Acquisition of Services and Support of Services-Economic Programs -</u> To increase efficiency and effectiveness in the acquisition of services; provide proper OSD oversight to critical services acquisitions; and properly execute and evaluate DoDs support of services – economic programs.

Acquisition of Services

31. Promote use of Performance-Based Services Acquisition Pilot Authority (DP/AI):

Section 821 of the National Defense Authorization Act for FY 2001 includes provisions to accelerate the use of performance-based contracts for the acquisition of services. Promoting the use of this pilot authority, which expires 30 October 2003, will assist the Department in meeting its goals to have 50% of all acquisitions for services, measured in both dollars and actions, be performance based by 2005.

32. Institutionalize performance-based services acquisition (DP/AI/ARA):

The Department has established long term goals to acquire 50% of its services, in terms of dollars and actions, on a performance based basis by 2005.

Projected completion date of final report to OMB is January 2006.

33. Establish new Acquisition of Services oversight policy (AI/CIO/ARA):

DoD is increasingly using services to meet it's needs. However, management of the acquisition of services has generally been left to the lowest departmental levels. An appropriate management level process is currently being finalized. Based on data received, a redraft of our proposed management policy was sent out for final review.

Projected completion date of new policy is April 2002.

Support of Services – Economic Programs

✓ 34. Develop "Bundling" Policy and Benefit Analysis Guidebook (SADBU):

A DoD contract consolidations show a lack of consistent application of the regulatory requirement for a benefit analysis to be conducted prior to proceeding with a "bundled" contract. USD(AT&L) guidance has been developed on the decision-making process.

Guidebook completed January 17, 2002.

35. Initiate Comprehensive Subcontracting Plan Test Program Revision (SADBU/DCMA):

The Comprehensive Test Program permits large prime contractors to submit one annual subcontracting plan on a company or division-wide basis that covers all DoD subcontracting plan requirements for the fiscal year. This test program began 1 October 1990 and extends until September 30, 2005. Approximately, 37% of DoD total subcontracting dollars are covered under this program. DoD to assess the program's effectiveness.

Projected completion date of program revision is June 2002.

36. Develop Small Business Subcontracting Program IPT (SADBU/DCMA):

The Small Business Subcontracting Program is increasingly an important focus for small business firms interested in DoD procurement opportunities. There is little or no oversight or monitoring of subcontracting plan performance (with the exception of subcontracting plans administered by DCMA.) Analysis of performance (from pre-award through post-award) to improve accountability and enhance DoD subcontracting opportunities for small business firms should commence.

(TBD by resource levels)

Quality & Morale of the Workforce

Objective: <u>Improving Training and Education (including Continuous Learning)</u> - As a part of the transition to performance-learning methods, the department is building a new learning environment that will empower each DoD AT&L workforce member with more control over learning needs. It is one that will take full advantage of new opportunities created by information technology.

Certification Training

1. Modernize Certification Training Courses (AI):

DAU is modernizing all career field Level I – III training tracks to reshape content and expand capacity, working with each functional community to establish the right balance between resident and on-line training.

Certification Training for Program Management:

Projected completion date to teach First Production offering of PMT-352, "Program Management Office Course," is July 2002.

Certification Training for Contracting:

Projected completion date to deploy Intermediate Contracting/Business Course targeted electives is October 2003.

2. Develop Case-Based Training (AI):

DAU is developing proven case-based methods to provide a learning environment rich in opportunities for critical thinking and analysis for students to further develop high-order thinking skills.

Projected completion date to deploy Intermediate Contracting/Business Course targeted electives is October 2003.

Continuous Learning

3. Establish Continuous Learning (CL) Policy and CL Modules Development Process (AI):

AI is establishing a disciplined, systemic process to identify, prioritize and develop continuous learning modules (CLM) needed by all career fields within the DoD AT&L workforce. AI and DAU are developing the modules using web-based technologies designed to assist the workforce members with job performance, to learn about and implement Acquisition Technology & Logistics initiatives, and adapt to their rapidly evolving functional environment, while furthering their long-term professional development. The process will also include coordination with the services to eliminate duplication.

Projected completion date to deploy 12 continuous learning modules and conduct effectiveness assessments is FY 2003.

4. Establish Strategic Partnerships with Private Sector/Academic Institutions (AI):

DAU is creating strategic partnerships with the private sector/academic institutions to create charters under which DAU students and graduates can apply DAU courses and DAWIA certifications as credits toward college and university certificate and degree programs. These programs expand the inventory of continuous learning opportunities for DAU students, motivate them toward attainment of professional certifications, and increase the return on previous DoD investments for training the AT&L workforce.

Projected to develop and deploy ten certificate/degree programs per FYs 2003-5.

Objective: Establishing a Life-Cycle Workforce Management approach to the DoD Civilian Workforce - DoD is in the midst of a workforce challenge. The acquisition, technology, and logistics workforce is aging and with 50% being eligible to retire by 2005. Hiring has been limited over the years due to downsizing. The less senior workforce has increased mobility under FERS. The appraisal system does not tie pay to contribution. A new workforce management approach is needed.

5. Develop Recruiting and Hiring Programs for the DoD Acquisition, Technology, and Logistics Workforce (AI/S&T/P&R (CPP):

At the OSD level in calibration with the services, market DoD and its challenging work opportunities to make DoD the employer of first choice for new hires, and provide policy guidance for recruiting efforts. At the component level, maximize use of existing authorities and implement local and regional focused recruiting programs. Implement alternative DAWIA certification process for personnel hired from the private sector at the mid and upper levels.

Projected completion date is Sep 2002.

<u>6. Develop Human Capital Strategic Plans for the DoD Acquisition, Technology, and Logistics</u> Workforce (AI):

At the Component level, develop human capital strategic plans for their AT&L workforce linked to defense guidance, POM/BES, and annual performance planning established by GPRA. Institutionalize this planning process by requiring plans to be updated annually.

Projected completion date is May 2002.

7. Increase Participation in Acquisition Personnel Demo and Provide Authorities for Flexible Compensation/Recognition/Benefits (AI):

Seek authority to promote pay for performance, pay banding, flexible bonus and benefits programs, and similar initiatives to directly link employee compensation to mission contribution. Initially expand the Acquisition Personnel Demonstration Project then seek to apply similar authorities to the entire DoD AT&L workforce.

Objective: <u>Use Outreach and Communication strategies to speed effective implementation of Acquisition Initiatives -</u> Outreach and communication strategies will create faster and better awareness and knowledge of acquisition initiatives using all appropriate media with emphasis upon knowledge management. It will also include deployment of a "full service" presence to the field.

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8. Develop an Outreach & Communication Strategic Approach (AI):

Develop an integrated outreach and communication strategic approach that shaves the cycle time from policy to training and speeds effectiveness of acquisition initiatives.

AI Outreach and Communication strategic plan completed January 2002.

9. Promote Performance Support (AI):

Performance support includes all "Just in Time" services to the DoD AT&L Workforce enabling more productive results. DAU's reorganization will provide a full service presence to fully implement the learning model – enterprise concept. Full Service Capability includes more Targeted Training, Face-to-Face consulting and On-Site offerings of certification training within each regional location.

Projected completion date for all five DAU campuses to be stood up is September 2002.

Health of Defense Industrial Base

Objective: <u>Adopting Commercial Practices -</u> Establish a strategic approach to the adoption of commercially friendly acquisition practices in all functional disciplines.

Pricing/Payment

1. Use of performance-based payments (AI/DP):

USD (AT&L) policy of November 2000 encouraged the use of Performance-Based Payments (PBP) for fixed price contracts, linking contractor financing to actual performance. AI produced a User's Guide to Performance-Based Payments in Feb 2001. AI is leading a multi-service/agency IPT developing PBP continuous learning distance training module, monitoring a DFAS cycle time pilot and developing C-17 lessons learned module in a partnership with Boeing.

Projected completion date for the C-17 module is Sep 2002.

2. Reform Cost Accounting Standards & Cost Principles (DP):

Currently revising the FAR to clarify that cost principle rules do not apply to firm-fixed price or fixed-price with economic price adjustment contracts awarded without the submission of certified cost or pricing data. Encourage the Cost Accounting Standards (CAS) Board to pursue proposed streamlining revisions to the CAS provided to the CAS Board in September 2000. Continue to streamline cost principles.

Projected completion date is October 2002.

3. Shared Saving for Contractor Cost Efficiencies (DP/IP):

Develop incentive approaches to motivate contractors to eliminate excess and underutilized facilities and achieve other cost efficiencies.

Projected completion date to publish a final Defense Federal Acquisition Regulation Supplement is October 2002.



4. Profit Policy (DP):

Revise the cost based incentives policy ("Profit Policy") to provide more commercial-style incentives for innovation, cost efficiencies, and contractor investment in independent research and development and less for capital investments.

The final Defense Federal Acquisition Regulation Supplement rule was published on April 24, 2002.

Acquisition Strategy & Oversight

<u>5. Change Cultural Mindset Regarding Intellectual Property to Foster Better Business Relations</u> (AI/DP):

Many potential non-traditional commercial companies are reluctant to do business with DoD. Government treatment of their intellectual property (IP) rights is the most often-cited rationale for that reluctance. The challenge is then to develop and provide practical guidance and educate the acquisition workforce in both government and industry as to the inherent flexibility of existing regulatory guidance regarding IP and thus bring about a paradigm shift in the treatment of IP.

Projected completion date to develop initial training modules is August 2002.

6. Reform government property management to commercial-like practices (AI/DP/ARA):

Lead a team to ensure the Federal Acquisition Regulation regarding Government Property in the Hands of Contractors adopts commercial practices to the maximum extent.

Projected completion date to publish final Defense Federal Acquisition Regulation Supplement rule is March 2004.

7. Expand FAR coverage on commercial contract types & incentives (AI/DP):

A policy encouraging use of long-term contracts, non-cost based incentives and recognition for consistent excellent performance using commercial style incentives was signed by USD AT&L on 4 Jan 2001 focused on enabling DoD to access non-traditional suppliers and expand the Defense industrial base. Established commercial contracting goals in a USD (AT&L) memorandum on Feb 5, 2001. Published a guidebook titled "Incentive Strategies for Defense Acquisitions." The next step is to expand Federal Acquisition Regulation coverage on commercial contract types and incentives. Also, refining commercial policies (Part 12) by providing a guidebook on clarifying use of commercial item determinations.

Projected completion date to publish final Federal Acquisition Regulation rule is June 2003.

Performance-Based Requirements including Logistics

8. Expand industry-packaging pilots (AI/Log):

Packaging reform initiative seeks to move DoD packaging practices to more commercial like packaging practices. Pilots were established two years ago with General Electric (GE) and Honeywell. This pilot effort is expanding to bring in Raytheon and other interested participants. Changes to the DFARS, MIL-STD-2073, Logistics Material Management Regulation (DoD-4140) and the DoD 5000 series are in process to institutionalize the pilot results.

Projected completion of all regulation changes is January 2003.

9. Expand Strategic Supplier Alliances (SSA) (DLA/AI):

SSA is a buyer/seller agreement that transcends purchasing transactions resulting in reduced costs and delivery times. It focuses on improving and expanding SSAs by standardizing the process and preparing a lesson learned guidebook. The senior level-working group is developing alternatives for component acquisition executive participation and to streamline the process to establish additional SSAs with our major suppliers.

Projected date to identify new strategic supplier alliances with the components is May 2002.

10. Adopt Public-Private Partnering for Depot-Level Maintenance (L&MR):

DoD is not free to choose the most cost effective depot—when choosing between public and private sector resulting in increased cost to DoD. Use public-private partnering arrangements where it makes good business sense to maximize use of capacity, reduce ownership costs of infrastructure, reduce costs of products and services, and leverage recapitalization of plant and equipment.

Export Control Process

11. Improve Export Control Management (OUSDP/IC/ITS):

Current export licensing policies and procedures were developed for the Cold War era and are ill suited for the interconnected global economy of the 21st century. These policies and procedures are outdated and adversely affect the competitiveness of the U.S. defense industrial base. Our export control system requires improvement to ensure that, U.S. national security interests are advanced, critical technologies protected, and the realities of today's marketplace for defense industry are taken fully into account. Improve the transparency of the license request review process by establishing electronic connectivity between industry, State, Commerce & DoD to electronically process export license requests and associated technical data.

Projected completion date to demonstrated interoperability to be accomplished by late spring--if Dept of State supplies requisite data.

12. Update of US Munitions List (OUSDP/IC/ITS/IP):

Review US ML for appropriate additions, deletions, transfers to CCL and clarifications.

Projected completion date for all Tranches is February 2003.

13. Conclude binding agreements on ITAR Country Exemptions with UK and Australia (OUSDP/ITS):

Negotiate agreements with the U.K. and Australia for ITAR exemptions in order to speed export license requests.

Promulgate exemptions by July 2002.

14. Issue Implementing Guidelines for DoD Component Use of Existing ITAR Exemptions (OUSDP/IC/ITS):

Issue guidance to the DoD components to enhance the use of existing ITAR exemptions.

Projected completion date for issuance of DoD Guidance on use of existing ITAR exemptions is dependent on USDP action and cannot occur before April-May 2002.

International Acquisition, Technology and Logistics Cooperation

15. Declaration of Principles (DoP) Activities (IC):

The SecDef and his U.K. counterpart signed the U.S.-U.K. Declaration of Principles for Defense Equipment and Industrial Cooperation on February 5, 2001. A "Statement of Principles" of a similar nature was signed by the SecDef and his Australian counterpart on July 17, 2001. Both of these documents set forth a mutually agreed vision of closer government and industry defense cooperation through harmonization of relevant laws, regulations, and policies wherever possible. Additional DoPs are being negotiated with The Netherlands, Norway, and Sweden. The net effect of DoD's DoP-related activities, once successfully implemented, will promote healthy allied defense industrial base as well as substantially benefit the U.S. defense industry by increasing their ability to team with foreign industry and facilitate defense exports to key allied and friendly nations.

Projected completion of legislative and policy changes, and corresponding legally binding agreements with foreign nations, is mid-calendar Year 2003.

16. Major Cooperative Program Activities (IC):

AT&L has supported several 'flagship' government-to-government cooperative programs -- such as Joint Strike Fighter (JSF), Medium Extended Air Defense System (MEADS), and Multifunction Information Distribution System (MIDS) – that meet common defense requirements and promote defense industry-to-industry cooperation. MEADS and MIDS Memorandum of Understanding (MOU) documents were signed in mid-2000. U.S.-U.K JSF MOU documents were signed in January 2001. The collective value of the current international agreements for these three cooperative programs alone exceeds \$30B. Cooperation in transatlantic programs of this magnitude will serve as a key stabilizing factor in U.S. and European defense acquisition relationships that will help counteract 'Fortress America vs. Fortress Europe' defense export tendencies on both sides of the ocean.

MOU document signatures with additional prospective JSF partners are projected for February-June 2002. Next phase MEADS MOU negotiations begin in mid-2002.

Domestic and International Industrial Base

17. Shipyard Productivity Assessment (IP):

We have recently completed a study evaluating productivity differences between U.S. and foreign shipbuilding companies. Results will be used to assist U.S. shippards in their ability to successfully compete in world shipbuilding markets.

Projected completion is June 2002.

18. Supplier Base Assessment (IP):

Proactive process to identify industrial base assets (i.e., products, technologies, processes and facilities) that represent potential risk or concern for continuing supply. We will identify unique or critical suppliers where manufacturing/production capacity is less than demand, the supply is threatened by financial challenges, commercial market interactions or other means, or there exists significant potential challenge from unreliable foreign sources. For each market sector, we will identify the field of suppliers, capacity vs. need, barriers to entry and potential product alternatives. The process will be developed to assess the extent of risk to DoD and the impact of loss of the capability and to propose mitigation measures.

Projected completion date for Phase I is June 2002.

19. Public Interest Exception to the Buy American Act (BAA) (DP)

USD(AT&L) authorized the issuance of a <u>Federal Register</u> notice announcing DoD's intent to waive the BAA for commercial item procurements subject to the Trade Agreements Act (TAA) and seeking public comments. The TAA permits firms from foreign countries that are signatories to the World Trade Organization Agreement on Government Procurement (AGP) to sell products to the U.S. Government that they "substantially transform" without the application of the BAA. However, if a U.S. firm "substantially transforms" a product, but it is comprised of less than 50% U.S. content, the BAA is applied to that item. The public interest exception will eliminate the disadvantage that U.S.-made end products, manufactured or substantially transformed in the U.S., experience in procurements subject to the TAA. It will also remove the incentive for U.S. manufacturers to manufacture in a designated foreign country to avoid the BAA price difference.

Projected completion date to publish a final Defense Federal Acquisition Regulation Supplement is January 2003.



20. Revise Foreign Military Sales (FMS) Negotiation Practices (DP):

Issued a policy memo to the SAEs to reiterate the FMS policy to eliminate "double" negotiations on September 27, 2000.

1. Utilities Privatization (I&E):

Services have historically undercapitalized their utility systems —many are in poor condition and are unreliable and unsafe. Privatize more DoD utilities. Privatizing utility systems will allow private-sector capital and expertise to recapitalize the systems and take advantage of industry standards/technology.

Projected completion date for all utility systems to be privatized is September 2003.

2. Base Information System (I&E):

DoD needs accurate and timely data to make better resourcing and stationing decisions. ODUSD (I&E) is in the process of building an analytical tool that relates physical & operational capacity data with graphical capabilities and is also in the process of developing a standardized DoD-wide enterprise real property information system.

Projected completion date to complete Enterprise System Development is FY03/04.

3. Allow Installation Commanders to Retain Proceeds from Reduced Workman's Compensation Costs (I&E):

DoD paid Department of Labor (DoL) over \$600M per year for the past several years for civilian worker compensation. Since FY94, the total cost was over \$6 billion. The bills are usually paid at the higher headquarters level of the Services, so there is no incentive for the installation commanders to invest to reduce these costs. Costs are too high.

Projected completion date to begin the program is 1Q03.

4. Establishing DoD Housing Requirements (I&E):

The Department lacks a single process for determining how much private sector housing is available to our members. This determines the amount of on-base housing we need to operate and maintain for military families. The disparate Service systems have been criticized by GAO, CBO and Congress and they may not be taking maximum advantage of existing assets.

Projected completion date to submit proposed housing requirements policy to Dep SecDef for signature is May 2002.

5. Knowledge-Based Corporate Reporting System (I&E):

Provide I&E a consolidated database for environmental cleanup, environmental quality, environmental technology, pest management, explosives safety (ES), and unexploded ordnance (UXO) information. Maintain user-friendly, web-based access to the consolidated database. Provide analytical tools, including graphics and statistics, to query and analyze environmental data. Provide selected environmental information in a format that the public can retrieve. Army is I&E's executive agent.

6. Set Competitive Sourcing/A76 Goals (I&E – Identified as a BIC Action):

OMB guidance requires agencies to increase the number of government positions that are competed through the A-76 process (private sector versus government competition). OMB has directed 5% of the FAIR (22,600 in DoD) be completed in FY02 and 10% (45,200) in FY03. Increasingly escalated requirements have been informally identified for subsequent years. In order to meet these OMB driven targets, because A-76 is a 2 to 4 year process, DoD must establish internal goals beyond current plans, which reflect less than 10,000 studies commencing in all future years.

(Schedule TBD)

New Technology Insertion

Objective: <u>Leverage Commercial Technology</u> - Refocus R&D acquisition to effectively refresh technology throughout the entire life cycle of systems.

1. Implement the New Cost Share Policy (ARA/DP/AI):

Recent USD (AT&L) policy requires that the government minimize the use of cost sharing and specifically directs suspension of the use of IR&D to supplement funding of defense programs unless there is a reasonable probability of a commercial application related to the research and development effort. Changes are being made to the DoD 5000 to reinforce this requirement. Tracking profits/fees awarded on cost type contracts will monitor outcome of this policy.

Projected completion date for DoD 5000 changes is April 2002

2. Address Innovative Ideas to Leverage Commercial R&D (AI/DDR&E):

Develop a strategic plan to greatly expand DoD's access to commercial developers and their technology. Investigate a wide range of areas such as incentives, contracting means, and treatment of intellectual property rights. This plan will include conducting a workshop with industry to solicit ideas on pre-solicitation information exchange process, such as, sharing technology roadmaps for critical DoD requirements, solicitation methods and structure, and pilot programs to facilitate wider access to commercial R&D. Solutions requiring statutory or regulatory changes would be developed for consideration by PDUSD (AT&L). Develop a desktop guide for acquisition workforce personnel.

Projected completion date for the guidance is October 2002. *Schedule adjustments made due to late budget arrival.

3. Establish Technology Transition Initiative (DDR&E/AI/DP/ARA):

One of the key impediments for the transition of technology developed by industry and government is sufficient funds to mature technology so that it can be demonstrated in a relevant environment and moved rapidly into production. Great ideas discovered in government and industry laboratories and research centers often take years to obtain funding for maturation needed to be able to introduce the technologies into robust weapon systems. The DDR&E will develop a technology transition plan to more effectively move products developed in or by the DoD S&T community into formal DoD acquisition programs. The technology transition initiative implements the plan that meets the desired goal of moving mature technology into production. In particular the initiative provides for a level of uncommitted funding that can be applied to promising technologies during the year of execution to speed that transition. Additional funds for Quick Reaction Projects within OSD (\$25M for FY 02) and Warfighter Rapid Application Program (WRAP) (approximately \$50M in Service S&T and \$50M in Service System Development budget request) identified in the FY 02 Amended President's Budget Request. HASC has shown a large interest in marking the request.

Projected completion date for funding programs is October each FY

4. Promote Future Use of COSSI (DDR&E/AI/DP):

Create a new strategic plan for COSSI to transition to the services. (Schedule TBD)

5. Eliminate Redundancies from DoD's own Science and Technology Infrastructure (DDR&E):

Complete a review of the efficiency of DoD's Defense Laboratories with a goal to eliminate duplication, ensure cost visibility and compatibility and ensure technical excellence in the future. (**Schedule TBD**)

6. Provide Strong DoD Science and Technology Budgets (DDR&E):

Develop strong language in the Defense Planning Guidance and educate the OSD staff about the importance of strong S&T budgets. DDR&E developed three categories of actions: hard problems, revolutionary warfighting concepts, and military significant research areas. The latest FY02 budget increased the S&T investment to 2.6% of DoD TOA.

✓ 7. Promote Other Transactions (DP/AI):

Other Transaction Authority (OTA) is a means to acquire prototype projects directly relevant to weapons or weapon systems, outside the regulatory environment of the Federal Acquisition Regulation (FAR). There is currently no statutory authority to continue successful prototype projects into production with an OT, thus diminishing the usefulness of these authorities to attract nontraditional defense contractors.

